

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

IN RE:

The Muffin Mam, Inc.

Debtor.

Case No. 21-02909-hb
Chapter 7

CONSENT ORDER REGARDING PRE-PETITION EMPLOYEE WAGES

THIS MATTER comes before the Court upon an agreement between The Muffin Mam, Inc. (“Debtor”); John K. Fort (“Trustee”), the duly-appointed chapter 7 trustee of the Debtor’s chapter 7 estate, (the “Estate”); Pinnacle Bank (“Bank”); and The Azalea Fund IV, Inc. (“Shareholder”) regarding payment of pre-petition employee wages. Debtor filed a Motion for Consent Order Authorizing Payment of Certain Pre-Petition Wages and Salaries (“Motion”), which was addressed by the Court *ex parte* on November 30, 2021. The parties have advised the Court as follows:

1. Bank is the principal secured creditor of the Debtor and holds blanket liens on all the Debtor’s accounts.
2. Shareholder is a shareholder of the Debtor.
3. The Debtor filed the above-captioned voluntary petition for relief pursuant to Chapter 7 of the United States Bankruptcy Code on November 9, 2021 (the “Petition Date”), and the Trustee appointed as the Chapter 7 trustee of the Estate.
4. On November 8, 2021, the Debtor administered its payroll in the ordinary course of business (the “Pre-Petition Payroll”). As many as sixty-six employees of the Debtor were paid via check, and all of these payroll checks may not have been presented and/or cleared for payment prior to the filing of the Debtor’s petition for relief on the Petition Date.

5. There are funds in that certain payroll account of the Debtor with Bank (account number -0216, the “Payroll Account”) sufficient to fund the Pre-Petition Payroll. However, Bank is unable to clear checks presented after the filing of the Debtor’s petition for relief due to the automatic stay provided under 11 U.S.C. § 362.¹

6. There is also currently due \$56,348.91 in payroll, including withholdings currently due and owing with respect to former employees of the Debtor, (the “Stub Payroll Amount”) for the pre-petition pay period beginning November 7, 2021, and ending with the filing of the petition on the Petition Date (the “Stub Payroll”).

7. Notwithstanding that no claim has been asserted by Bank, Trustee, or any third party alleging that Shareholder is obligated for the Stub Payroll Amount in any respect, Shareholder has agreed, upon the terms and conditions below, to make a voluntary contribution to the Estate for the sole purpose of funding the Stub Payroll.

NOW THEREFORE, upon the agreement and stipulation of the parties, as evidenced by the consenting signatures below, it his hereby ORDERED as follows:

a) Bank is authorized to honor, and shall honor, any checks presented for payment relating to the Pre-Petition Payroll.

b) Shareholder shall make, or shall cause to be made, a voluntary contribution to the Estate into the Payroll Account in the amount of the Stub Payroll Amount (the “Shareholder Contribution”) within one business day of entry of this Order.

¹ The automatic stay was lifted as to Bank’s collateral pursuant to the Court’s Order Modifying Automatic Stay (Doc 28) entered on November 30, 2021.

c) Upon receipt of the Shareholder Contribution into the Payroll Account, Bank is authorized to honor, and shall honor, any checks presented for payment or other transfers relating to the Stub Payroll in an aggregate amount not to exceed the Stub Payroll Amount, as set forth on the payroll summary attached as Exhibit A to the Debtor's Motion (Doc 22-1).

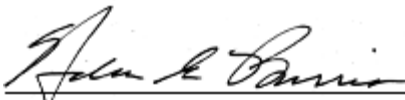
d) Bank and Trustee agree that Shareholder has agreed to make the Shareholder Contribution merely as an accommodation to the Estate and to the employees of the Debtor. The Shareholder Contribution shall not be construed as an admission of liability with respect to the Stub Payroll, the Stub Payroll Amount, or any debts or obligations of the Debtor or the Estate.

AND IT IS SO ORDERED.

**FILED BY THE COURT
12/01/2021**



Entered: 12/01/2021


Chief US Bankruptcy Judge
District of South Carolina

WE CONSENT:

/s/ John K. Fort

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CHAPTER 7 TRUSTEE

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